PHILTP MORRIS U.S.A.

INTEROFFICE CORRESPONDENCE

120 PARK AVENUE, NEW YORK, NY 10017

TO:

M. Verscai

DATE: May 15, 1990

FROM:

J. Greene

SUBJECT: Cambridge

Bill Iler of Section 13 informed us of a pack program RJR is running with Stuarts (a direct chain). Stuarts agreed to merchandise Doral packs from a special "promotional price" display at the same price as subgenerics (\$1.35). RJR will rebate Stuarts 25¢ per pack to get the price to \$1.45 and Stuarts will fund the remaining 10¢ to bring the pack price to \$1.35. RJR is paying the rebate quarterly.

We plan to do the same for Cambridge beginning July. Please let us know if you have objections to such a program at your earliest . convenience.

cc:

A. Goldfarb

D. Hufford

J. Nellenbach

R. Mikulav

W. Iler (Section 13)